

Service Date: April 16, 1982

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER of the Application)	
of the BUTTE WATER COMPANY for)	UTILITY DIVISION
Authority to Increase Rates and)	DOCKET NO. 82.3.14
Charges for Water Services to its)	ORDER NO. 4897
Anaconda, Montana customers.)	

INTERIM RATE ORDER

FINDINGS OF FACT

1. On March 2, 1982, Butte Water Company (Applicant or BWC) filed an application with this Commission for authority to increase the water rates for its Anaconda, Montana customers on a permanent basis by approximately 12.21%, constitutes a revenue increase of approximately \$30,949.
2. Concurrent with its filing for a permanent increase in rates, BWC filed an application for an interim increase in rates of 12.21% equaling a revenue increase of approximately \$30,949 or 100% of the proposed permanent increase.
3. The interim rate request includes adjustments not accepted in total or in part in previous Commission orders such as: Computer Expenses, Amortization of Rate Case Expense, Projected Labor Costs and Projected Increase in Cost of Operation and Maintenance Supplies. The rate of return applied for is also significantly above that granted in Order No. 4700a, Docket No. 6802 (the Company's most recent general rate proceeding).
4. Interim rules and guidelines call for "a clear showing that the petitioning utility is suffering an obvious income deficiency." The Commission finds that reference to the

adjustments and rate of return approved in the most recent BWC general rate order provide the most appropriate means to measure financial performance. Applying these parameters to current test year booked income and rate base sensibly annualized and corrected for accounting errors not only provides a financial picture consistent with the most recent Commission order (thus providing a basis for accurate comparability), but also avoids prejudging issues in the current case.

5. A schedule prepared consistent with the above criteria shows that BWC operations for the test period produced an overall return of 2.54% (Schedule 1). This compares with the overall return of 11.19% approved in Order No. 4700a.

SCHEDULE 1

Booked Net Income, Test Period	18,358	Moke <u>38.5.157</u>
Annualization Adjustments:		
Wages & Fringe	3,517	P.157.2
Salary & Fringe	4,515	P.157.4
Electric Power Purchased	(144)	P.157.6
Natural Gas Purchased	20	P.157.6
Postage	487	P.157.6
Medical & Hospital	4,668	P.157.8
Workmen's Comp.	122	P.157.8
RD & D Allowance	312	P.157.8
Depreciation	37	P.165
Taxes Other Than Income	<u>387</u>	<u>P.173</u>
Total Accepted O & M Adjustments	13,921	
Total Adjusted Net Income	4,437	
Total Rate Base	174,396	
Rate of Return	2.54%	
Order No. 4700a Return	11.19%	

Required Earnings	19,515
Earnings Shortfall	15,078

6. The Commission finds that this difference constitutes an obvious income deficiency in this instance, that deferred rate relief until a final order can be issued may adversely affect the utility's financial condition and further that under its current rate-making standards, the utility may be entitled to rate relief at the time a final order is issued in the proceedings.

7. The Commission finds that BWC's rate of return has eroded and accordingly, finds BWC entitled to interim rate relief of \$15,078 on an annual basis. (See Schedule 1, Finding of Fact No. 5)

8. Based upon the Commission's findings in Docket No. 6802 (Order Nos. 4700 and 4700a) the Commission finds here that interim relief determined appropriate in this order should be generated by increasing the rate for all services provided by the Applicant on the basis of a uniform percentage increase.

CONCLUSIONS OF LAW

1. The Butte Water Company is a public utility furnishing water service to customers in the Anaconda area. As such it is subject to the supervision, regulation and control of this Commission pursuant to Section 69-3-102, MCA.

2. Section 69-3-304, MCA, provides in part, "The Commission may in its discretion, temporarily approve increases pending a hearing or final decision."

3. The Commission concludes that the grant of an interim rate increase in the manner set forth herein is just, reasonable

and within the discretion granted by, Section 69-3-304, MCA.

ORDER

THEREFORE THE MONTANA PUBLIC SERVICE COMMISSION ORDERS
THAT:

1. The Butte Water Company is hereby granted authority to implement on an interim basis increased rates for its Anaconda, Montana customers designed to generate additional annual revenues in the amount of \$15,078.
2. The Butte Water Company is to file revised tariff schedules spreading the increased revenues as a uniform percentage increase to all services.
3. The interim relief granted in this order is to be effective for service rendered on and after April 12, 1982.
4. The increase granted herein is subject to rebate should the final order in this Docket determine that a lesser increase is warranted. Such rebate would include interest at 12.3% per annum.

DONE IN OPEN SESSION THIS 12th day of April, 1982 by a
vote of 5 to 0 .

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

GORDON E. BOLLINGER, Chairman

JOHN B. DRISCOLL, Commissioner

HOWARD L. ELLIS, Commissioner

CLYDE JARVIS, Commissioner

THOMAS J. SCHNEIDER, Commissioner

ATTEST:

Madeline L. Cottrill
Commission Secretary

(SEAL)

NOTE: You may be entitled to judicial review of the final decision in this matter. If no Motion for Reconsideration is filed, judicial review may be obtained by filing a petition for review within thirty (30) days from the service of this order. If a Motion for Reconsideration is filed, a Commission order is final for purpose of appeal upon the entry of a ruling on that motion, or upon the passage of ten (10) days following the filing of that motion. cf. the Montana Administrative Procedure Act, esp. Sec. 2-4-702, MCA; and Commission Rules of Practice and Procedure, esp. 38.2.4806 ARM.